



**UNITED STATES
NUCLEAR REGULATORY COMMISSION
REGION IV
611 RYAN PLAZA, SUITE 400
ARLINGTON, TEXAS 76011-4005**

**DOCUMENT CONTAINS
SAFEGUARD INFORMATION**

April 24, 2003

William T. Cottle, President and
Chief Executive Officer
STP Nuclear Operating Company
P.O. Box 289
Wadsworth, Texas 77483

**SUBJECT: SOUTH TEXAS PROJECT ELECTRIC GENERATING STATION NRC
SAFEGUARDS INSPECTION OF COMPLIANCE WITH ORDER - INSPECTION
REPORT 50-498; 499/03-05**

Dear Mr. Cottle:

On March 13, 2003, the NRC completed an inspection at your South Texas Project Electric Generating Station. The enclosed report documents the inspection findings which were discussed on March 13, 2003, with you and other members of your staff. Additionally, on March 31, 2003, the inspectors conducted a final exit meeting with Mr. W. Mookhoek, Licensing Engineer.

This inspection examined activities conducted under your license as they relate to safety and compliance with an Order issued on February 25, 2002, which required your site to implement specific measures related to the security of your facility. The inspection utilized Temporary Instruction 2515/148, "Inspection of Nuclear Reactor Safeguards Interim Compensatory Measures," to verify implementation of the Order as clarified in your responses dated March 18, May 28, June 20, and August 15, 2002, and March 25, 2003. Within these areas, the inspection consisted of selected examination of procedures and representative records, observations of activities, and interviews with personnel.

The material enclosed herewith contains Safeguards Information as defined by 10 CFR 73.21 and its disclosure to unauthorized individuals is prohibited by Section 147 of the Atomic Energy Act of 1954, as amended. Therefore, the material will not be placed in the Public Document Room.

In accordance with 10 CFR 2.790 of the NRC's "Rules of Practice," a copy of this letter, its enclosure, and your response will be made available electronically for public inspection in the NRC Public Document Room or from the Publicly Available Records (PARS) component of

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NRC's document system (ADAMS). ADAMS is accessible from the NRC Web site at <http://www.nrc.gov/reading-rm/adams.html> (the Public Electronic Reading Room). Should you have any questions concerning this inspection, we will be pleased to discuss them with you.

Sincerely,

//RAI//

Troy W. Pruett, Chief
Plant Support Branch
Division of Reactor Safety

Dockets: 50-498
50-499
Licenses: NPF-76
NPF-80

Enclosure:
NRC Inspection Report
50-498/03-05; 50-499/03-05

cc without safeguards enclosure:

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 RIV Docket File - File Room Custodian
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 Senior Resident Inspector (O'Keefe)

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 Senior Project Engineer, DRP/A (Paulk)
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 RITS Coordinator (**NBH**)
 Brian McDermott (**BJM**)
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ENCLOSURE

**U.S. NUCLEAR REGULATORY COMMISSION
REGION IV**

Dockets: 50-498
50-499

Licenses: NPF-76
NPF-80

Report No.: 50-498/03-05
50-499/03-05

Licensee: STP Nuclear Operating Company

Facility: South Texas Project Electric Generating Station, Units 1 and 2

Location: FM 521 - 8 miles west of Wadsworth
Wadsworth, Texas 77483

Dates: March 10 - 13, 2003

Inspectors: Gregory A. Pick, Senior Physical Security Inspector
Frank L. Brush, Senior Resident Inspector
Gilbert L. Guerra, Resident Inspector

Approved By: Troy W. Pruett, Chief, Plant Support Branch

Attachment: Supplemental Information

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SUMMARY OF FINDINGS

IR 05000498-03-05; IR 05000499-03-05; on 03/10 - 13/2003; STP Nuclear Operating Company; South Texas Project Electric Generating Station; Units 1 & 2; TI 2515/148, Verification of Compliance With Interim Compensatory Measures Order.

The inspection was conducted by one senior physical security inspector, one senior resident inspector, and one resident inspector.

Cornerstone: Physical Security

- On February 25, 2002, the NRC imposed by Order, Interim Compensatory Measures to enhance physical security. The inspectors determined that, overall, the licensee appropriately incorporated the Interim Compensatory Measures into the site protective strategy and access authorization program; developed and implemented relevant procedures; ensured that the emergency plan could be implemented; and established and effectively coordinated interface agreements with offsite organizations.
- The inspectors identified an unresolved item regarding the completion of a blast analysis as required by Item B.2.(a).1 of the Order. This item remains open pending review by the Office of Nuclear Security and Incident Response (Section III.A.2).
- The inspectors identified an unresolved item regarding the failure to ensure availability of supplementary equipment as required by Item B.4.f of the Order. This item remains open pending review by the Office of Nuclear Security and Incident Response (Section V.F.2).
- The inspectors identified an unresolved item for failure to identify all external connections to the local area network and to verify access to important-to-safety software on the local area network, as required by Item B.5.f of the Order. This item remains open pending review by the Office of Nuclear Security and Incident Response (Section VI.F.2).

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